

Office Memorandum • UNITED STATES GOVERNMENT

TO :

DATE:

FROM :

DIRECTOR, FBI

4/16/59

SUBJECT:

SAC, SALT LAKE CITY (62-2189)

CRIMINAL ELEMENT IN BUSINESS FIELD,
HOTEL AND CASINO INDUSTRY,
SALT LAKE CITY DIVISION
INFORMATION CONCERNING

THIS MEMORANDUM IS NOT TO BE DISSEMINATED.

Information in this memorandum relates to the ownership and operation of hotels, clubs, and casinos in Nevada where gambling of almost every conceivable type is legal. The hotel and casino business is one of the most important means of livelihood of residents in Nevada, as well as being one of the principal sources of tax revenue for the state of Nevada.

Information pertinent to this analysis is being set forth under subheadings as outlined by the Bureau; however, a primary subdivision under Roman numerals is being used to show the name of the hotel or club being described.

I. DESERT INN

A. Individuals Involved

1. WILBUR IVERN CLARK, FBI #10480737, is the most prominent in the operation of the Desert Inn. His Identification Record shows arrests for gambling in California in 1935, and 1936, and no convictions since that date. He was charged in Federal Court, Los Angeles, California, in 1954 with income tax violation, but was acquitted on August 4, 1954.

- 3 - Bureau (AM)
- 2 - Los Angeles
- 4 - Salt Lake City (62-2189)

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2. MORRIS KLINEMAN, FBI #737237, has previously claimed to be a real estate dealer in Cleveland, Ohio. His record shows he was convicted at Cleveland, Ohio, in 1933, and was sentenced to four years in prison on a Federal Income Tax violation. He was paroled September 1, 1936. He has been described as a member of the "Cleveland Syndicate," described as a group of individuals prominent in the operation of illegal gambling in Ohio in the years past.

3. MORRIS BERNARD DALITZ, FBI #4124252, was an associate of KLINEMAN in Cleveland, Ohio, in years past, and has also been described as a member of the "Cleveland Syndicate." His arrest record shows no convictions. DALITZ was interviewed by agents of the Cleveland Office in 1938, at which time he stated he had financial interest in a number of gambling clubs, and that he knew ABNER "LONGY" ZWILLMAN, New Jersey underworld figure.

4. SAMUEL A. TUCKER, another stock holder in the Desert Inn, a former associate of KLINEMAN, was connected with illegal gambling in Ohio and Kentucky in years past. His Identification Record shows he was arrested by the U. S. Marshal in Lexington, Kentucky, on October 17, 1944, for OPA violation; disposition shown as pending.

5. THOMAS J. MCGINTY, FBI #1923801, is also described as a member of the "Cleveland Syndicate," and showed his occupation as owner of a restaurant in Willoughby, Ohio. His Identification Record shows he was sentenced to 18 months in the Federal Penitentiary, Atlanta, Georgia, on January 22, 1925, for conviction of conspiracy to violate NPA. He was paroled August 12, 1926.

6. ROBERT KAYE, Cleveland, Ohio, one of the principals of the Desert Inn, claims to be part owner of the Warren Electrical Company, 1357 Lee Road, Cleveland, Ohio. His arrest record shows he was arrested by the Miami, Florida, Police Department on January 1, 1941, for operating a gambling device, but no disposition is shown.

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7. CORNELIUS J. JONES, Steubenville, Ohio, has been characterized as a member of the "Cleveland Syndicate." No record of arrests for JONES has been located.

8. CORNELIUS KRAUSNICK, FBI #1273307, is associated with the Desert Inn. His arrest record shows arrests from 1925 to 1947, primarily for gambling or possession of liquor.

9. RUBY KOLOD, FBI #198731, is the casino manager of the Desert Inn. His arrest record from 1929 to 1932 included unlawful entry for which he served three years at the New York State Reformatory; assault and robbery, disposition not shown; and violation of the National Prohibition Act, disposition not shown.

10. BERNARD JESS ROTHKOPH, another stockholder and shift boss at the Desert Inn, was previously associated with the Brady Lake Amusement Company, Brady Lake, Ohio. He is an associate of the "Cleveland Syndicate" mentioned previously. He has no known arrest record.

11. HERMAN MILTON GREENSPUN, FBI #290474A, is the owner and editor of the newspaper The Las Vegas Sun, Las Vegas, Nevada, and is a stockholder in the Desert Inn. GREENSPUN was convicted for the violation of the Neutrality Act for shipping arms to Israel.

[redacted] advised that the following individuals were members of the "Cleveland Syndicate" of which MORRIS DALITZ was one of the leaders:

MORRIS KLEINEMAN, aka. MORRIS KLEINMAN
ALFRED POLIZZI
CHARLES POLIZZI
LOUIS ROTHKOPH, FBI #1128584 (deceased)
SAMUEL "Game Boy" MILLER
SAMUEL T. HAAS, lawyer and political fixer
MORRIS WEXLER, gambler
NATHAN WEISENBERG (deceased)
MARTIN J. O'DOYLE, bank robber
SAMUEL A. TUCKER

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~~JOHN ANGERSOLA~~, owner of Grand Hotel,
Miami, Florida
~~JOHN SCALISE~~, FBI #348011, labor racketeer

B. How Influence or Control Acquired

WILBUR CLARK was a relatively unimportant gambler in California prior to 1947. In that year he came to Las Vegas where he started construction of a large hotel on the "strip," which is the highway just outside Las Vegas in the direction of Los Angeles. CLARK formed a corporation under the name Wilbur Clark, Incorporated, and stock was issued. The principals of this corporation were members of his family and associates from California. Toward the end of 1947, construction of the hotel (Desert Inn) was stopped because of lack of funds, labor problems, and material shortages.

In November, 1950, CLARK testified before the Kefauver Committee at Las Vegas. He related that progress on the Desert Inn was virtually stopped from late 1947 to 1949, at which time a man named RODISON brought in KLINEMAN and DALITZ from Cleveland who arranged to raise money for completion of the hotel. The Cleveland group acquired 75 per cent ownership, and the remaining 25 per cent was held by CLARK and some of the original promoters. The hotel started operation in April 1950. CLARK became President; KLINEMAN became Vice President; and DALITZ became Treasurer.

[redacted] advised that on September 10, 1958, CLARK and his Desert Inn associates took over the hotel portion of the Star Dust Club, which has more than 1,000 rooms. The same group also managed the Royal Nevada Hotel on October 9, 1958. The Royal Nevada Hotel is located adjacent to the Star Dust Hotel and contains about 200 rooms. The informant said the Royal Nevada will be operated only as a hotel, without gambling.

The records of the Nevada State Tax Commission show that CLARK had a 5 per cent interest in the Royal Nevada operation.

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[redacted] also advised that CLARK, SAM TUCKER, and KLINEMAN held a meeting during the week of October 1, 1958, with a "Pan American group." At that time CLARK and his associates sold their interest in the international gambling casino at the Hotel Nacional in Cuba. This informant reported that CLARK and the Desert Inn group received about \$500,000 for that interest.

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b7D With respect to the Star Dust Hotel, Las Vegas, informant [redacted] advised the Star Dust had been promoted by one TONY CORNERO, aka. TONY STRALLA, who died before construction was completed. The venture went into bankruptcy after his death.

JOHN "Jake the Barber" FACTOR and his wife, RELLIA FACTOR, took over the operation and put up money to complete construction. This informant said FACTOR permitted the "Chicago Syndicate" (not further identified) to obtain an interest in the Star Dust, and that JOHN DREW is handling the interest of the Chicago group. DREW was described as the casino manager of the Star Dust and formerly from Chicago.

[redacted] furnished information that the events leading up to the control of the Star Dust by the Desert Inn had been a prearranged matter. This informant related that the FACTORS had been chosen by the Desert Inn group to handle the completion of the Star Dust Club. Informant said the FACTORS could have put up some of the capital, but that full control would have been retained by the "Cleveland gambling interests."

C. Degree of Influence

Records of the Gaming Control Board, Nevada State Tax Commission, show that CLARK and the individuals listed under section A above are the owners and operators of the Desert Inn and any other hotel and casino interests described herein. These persons, including the so called "Cleveland Syndicate," were screened by the Gaming Control Board and were apparently found to be

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acceptable on the basis of information known at that time.

The Desert Inn is one of a number of prominent hotel and gambling spots on the "strip" at Las Vegas. The Star Dust Hotel, since its opening, has been one of the most successful from the standpoint of popularity. The ability of the owners of the Desert Inn who acquired control of the Star Dust Hotel, and who successfully promote its operation, might be considered as some degree of influence by this group.

D. How Influence is Exercised

No information is available that any unusual exercise of influence by this group has been used. Since gambling is a legal business in Nevada, the operation of the Desert Inn and other similar ventures is not considered to be a business front except to the extent of being an investment of funds which may have been acquired through gambling in other states where it is considered illegal.

E. Illegal Methods of Furthering Business Interests

No information is available at this time that the Desert Inn group has used violence or any illegal means to stifle competition or to further their own business interests in Nevada.

F. Interlocking Influence of Other Areas of Industries

Informant [] furnished information that MORRIS DALITZ and the "Cleveland Syndicate" had financial interests in a number of enterprises, including the following:

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Ohio Villa, later known as the Richmond Country Club, Richmond Heights, Ohio

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Thomas Club, Maple Heights, Ohio

Frolics Club, Miami, Florida

Merchants Cafe, Newport, Kentucky

Freddie's Club, Cleveland, Ohio

Theatrical Grill, Cleveland, Ohio

Buckeye Catering Company, Cleveland, Ohio

The above listed concerns were described by the informant as gambling spots or hoodlum hangouts.

advised this group also owned interests in the following concerns which are believed to be legitimate businesses:

~~Liberty Ice Cream Company, 836 East 100 Street, Cleveland, Ohio~~

~~Ray Coal Company, 2410 East 72nd Street, Cleveland, Ohio~~

~~Lubeck Distributing Company, 1820 East 30th Street, Cleveland, Ohio~~

~~Pioneer Linen Supply Company, 3611 Payne Avenue, Cleveland, Ohio~~

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II. THE SANDS, RIVIERA HOTEL, AND ROYAL NEVADA
HOTEL, LAS VEGAS, NEVADA

A. Individuals Involved

The above, three, listed establishments are hotels with gambling casinos located on the "Strip," just outside the city limits of Las Vegas, Nevada. All three are classified among the larger hotels and places of amusement in Las Vegas. Persons having ownership or connection with these hotels and being pertinent to this survey are as follows:

1. ~~SIDNEY WYMAN~~, FBI No. 449-195 A. The St. Louis Missouri Post Dispatch, a daily newspaper, on March 29, 1953, reported that SIDNEY WYMAN, who formerly operated a national clearing house for bets in St. Louis County, Missouri, had moved to Nevada. The article said that WYMAN's gambling operation in St. Louis County had formerly handled about \$4,000,000 a year. The article said that WYMAN had purchased a 6 per cent interest in the Sands Hotel, Las Vegas, Nevada. The article further stated the Nevada Tax Commission had approved WYMAN for a gambling license after being assured that WYMAN had disposed of his St. Louis County gambling interest.

WYMAN's Identification Record, under FBI No. 449-195 A, shows he was arrested on September 14, 1949, for a postal violation, by the U. S. Marshal, Danville, Illinois; and the disposition was shown as pending. He was arrested on June 5, 1950, by the Missouri State Highway Patrol for operating a gambling establishment and was turned over to the St. Louis County Sheriff. On January 5, 1954, he was fingerprinted by the Las Vegas Police Department for "failure to put proper information on Form 1096."

On January 5, 1954, WYMAN was turned over to the U. S. Marshal, Reno, Nevada, on a Federal Income Tax charge. This charge was apparently brought in U. S. District Court, Western District of Missouri; and records of that Court reflect this charge was dismissed as to WYMAN on November 19, 1954.

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The records of the Las Vegas Police Department show that WYMAN furnished information on January 5, 1954, that he had been arrested at St. Louis, Missouri, in 1949, on a postal charge, and that the charge had been dropped.

On the basis of available information, WYMAN has not been convicted of a felony.

[redacted] advised SA [redacted] that he had been previously acquainted with [redacted] of the St. Louis, Missouri Police Department, and that [redacted] had been known to take money from gamblers in the St. Louis area.

An article in the St. Louis Post Dispatch on August 4, 1950, stated that SIDNEY WYMAN was an associate of MICKEY COHEN, Los Angeles racketeer, when COHEN was in St. Louis in July 1950.

[redacted] advised on August 4, 1955, that BUSTER WORTMAN, St. Louis, Missouri gambler, had invested money in gambling establishments in Las Vegas. [redacted] said on October 26, 1956, that one EDDIE O'HARA of St. Louis visited WYMAN in Las Vegas. This informant said O'HARA is a collector for the Wortman Gang of St. Louis and that WYMAN might be the front man for the Wortman Gang at the Riviera, Las Vegas.

[redacted] Las Vegas, advised on January 9, 1958, that SIDNEY WYMAN had a total investment in the Riviera Hotel of \$200,000. The group which owned the Riviera Hotel at that time was headed by GUS GREENBAUM.

[redacted] Nevada Tax Commission, informed that WYMAN owned a 12 per cent interest in the Sands Hotel as of July 30, 1952. On or about May 14, 1955, he sold his interest in the Sands for an amount reported to be \$120,000 and applied for a gambling license at the Royal Nevada Casino. [redacted] said that on June 14, 1955, WYMAN owned 25 per cent of the Royal Nevada Hotel. He stated

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WYMAN sold his interest in the Royal Nevada in August 1955, and thereafter acquired a 10 per cent interest in the Riviera Hotel, where he became Floor Manager.

2. EUGENE RICKARD WARNER, FBI No. 4707966. WARNER is a licensed real estate broker at Las Vegas, Nevada, but spends most of his time at the Sands Hotel. He has been suspected of being a pimp and a fence. His Identification Record shows he was arrested on October 12, 1946, by the Los Angeles, California Police Department on suspicion of robbery, spent one hour in the County Jail, and paid a \$100 fine. He was fingerprinted by the Los Angeles County Sheriff's Office on October 17, 1946, for possession on a blackjack; and the record shows he was released on bail. He was also arrested December 27, 1954, by the Los Angeles Sheriff's Office on a charge of "investigation--procuring." The disposition is not known.

On February 25, 1959, [redacted]

[redacted] said that WARNER is a "runner" for JOSEPH "DOC" STACHER, who has an undisclosed interest in the Sands Hotel. [redacted] said WARNER relays information to STACHER, who spends much of his time in Los Angeles, California. STACHER was described as a notorious gambler and underworld figure from New Jersey and California. [redacted] was unable to furnish any details on STACHER's interest in the Sands. WARNER is not known to have any interest in the Sands or any other hotel in Las Vegas, and is not known to be employed by any of them.

B. How Influence or Control Acquired

[redacted] January 9, 1958, [redacted] St. Louis County, Missouri was interviewed by agents of the St. Louis Office. [redacted] advised he has known WYMAN for 30 years as a close friend and that he has gambled with WYMAN on numerous occasions. [redacted] said WYMAN is a hard working gambler, as well as being successful. [redacted] said that a group of legitimate businessmen had loaned money to WYMAN when the latter first went to Las Vegas, and these men had been subsequently repaid in full for these loans by WYMAN.

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[] was certain that WYMAN was not fronting for any hoodlum or underworld element from St. Louis in his activities in Las Vegas. [] did not furnish any details concerning the amount of money borrowed by WYMAN from the above-mentioned businessmen, and he did not identify any of the persons from whom WYMAN borrowed.

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On September 5, 1958, [] Las Vegas, advised it is his opinion, based on general information, that JOSEPH "DOC" STACHER has an interest in the Sands Hotel and possibly in the Star Dust Hotel, both in Las Vegas. [] has been associated with the hotel and casino business in Las Vegas for a number of years.

In 1955 informant [] furnished information that JOSEPH "DOC" STACHER was methodically obtaining interests in casinos in Las Vegas; and at that time, STACHER was trying to get control of the Sands Hotel. The informant believed he owned about 62 per cent of the Sands which had been acquired in small amounts by unidentified individuals who used STACHER's money to make the purchases. This informant said that STACHER was residing at Beverly Hills, California, at that time. Informant said he had associated with STACHER, who was described as a wealthy gambler and associate of many underworld figures. This informant did not identify the persons allegedly fronting for STACHER.

C. Degree of Influence

No additional reliable or specific information is available as to the degree of influence held by persons with criminal backgrounds with respect to these three clubs.

D. How Influence is Exercised

Some information has been set forth above indicating that persons of criminal background were utilizing another person as a front for their interest in these clubs. Specific information on the exact nature of such relationship has not been developed. Since gambling is a legal business in Nevada, it is not necessary to conceal ownership in the

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various clubs, except to satisfy the regulations of the Nevada State Tax Commission which refuses to grant gambling licenses to persons with an extensive criminal background or notorious reputation. Most instances in which allegations are made that a front is used by such notorious persons appear to be caused primarily by a desire to avoid unfavorable publicity for the club itself and to avoid difficulties with the Nevada State Tax Commission.

E. Illegal Methods in Furthering Business Interests

No information is available that any illegal methods have been used with respect to these clubs by any of the criminal element alleged to have an interest in them.

F. Interlocking Influences in Other Areas of Other Industries

Some of the information set forth above indicates a possible relation between SIDNEY WYMAN and the Wortman gambling interest in and around St. Louis, Missouri. No information is available, however, to indicate any business connections other than the possibility that the Wortman faction may have invested money in some of these clubs.

III. CALIFORNIA CLUB, LAS VEGAS, NEVADA

A. Individuals Involved

1. GEORGE ENRICO ARQUILLA, aka George Marco, FBI # 621186. The identification record for ARQUILLA shows he was arrested at San Francisco, California December 13, 1932 on a charge of violation of Federal liquor laws and was sentenced to two months in the county jail and \$300 fine. In connection with this same charge, he was also fingerprinted by the Sheriff's Office, Martinez, California, on December 13, 1932 and by the Sheriff's Office, Salinas, California, on December 14, 1932. The only other item on his record shows he was fingerprinted at Sacramento, California, on July 29, 1942 as an applicant for a beverage license. Investigation has shown that ARQUILLA has associated in the past with one SHARKEY ROONEY, a bootlegger in and around San Jose, California; with ROBERT CORONADO, FBI # 122574, a pimp who was active in the San Jose, California, area; and with LILLIAN BRUCE, FBI No. 2629587, who has operated houses of prostitution in and around San Jose and Bakersfield, California.

B. How Influence or Control Acquired

b7D [REDACTED]
Las Vegas Police Department, advised on January 20, 1958 that GEORGE ARQUILLA, San Jose, California, and WALTER PARMAN, Reno, Nevada, made application for a gambling license to operate the California Club. The application stated they intended to put \$125,000 each toward the purchase and operation of the California Club. Based on this application, PARMAN and ARQUILLA acquired the California Club business located in the downtown area of Las Vegas and began operation on February 10, 1954. ARQUILLA submitted a statement showing his share of the original investment was obtained from the following sources:

WILLIAM R. WEIER, Employee of the Golden Nuggett, Las Vegas, supplied \$50,000.

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~~FRANK ARQUILLA~~ and ~~RAY ARQUILLA~~, San Jose, California, furnished \$24,000.

~~MATTIE TOSCI~~ and ~~FRANK MC KENNA~~, San Jose, California, supplied \$20,000

WALTER PARMAN, Reno, Nevada, furnished \$25,000.

He showed some of these loans would be repaid upon the sale of an apartment house he owned at Fourth and Williams Streets, San Jose, California.

[redacted] Las Vegas, Nevada, advised, on a confidential basis, March 1958 that he had received reliable information that FRANK "BUSTER" WORTMAN and his associates of St. Louis, Missouri and East St. Louis, Illinois, had made undisclosed investments in the California Club at the time PARMAN and ARQUILLA acquired control.

[redacted] the Las Vegas Police Department also furnished information that he had heard that WORTMAN had acquired an undisclosed interest in the California Club after ARQUILLA and PARMAN took over. [redacted] and [redacted] did not furnish any specific data on the amount of such undisclosed interest or the method by which it was handled. In July 1954, ARQUILLA bought out PARMAN but sold a part of the California Club to others. As of January 1958, ARQUILLA had a recorded interest of 62%.

Informants [redacted] and [redacted] advised in about March 1954 that FRANK "BUSTER" WORTMAN and his associated, East St. Louis, Illinois, "racketeers", had invested \$300,000 in the California Club and that TOM BERRY of East St. Louis, Illinois, was placed in charge of the gambling operations at the California Club as "Front man" for WORTMAN.

[redacted] Nevada Tax Commission, advised on January 23, 1958 there were definite indications

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that WORTMAN and his associates at one time had an undisclosed interest in the California Club, Las Vegas, but evidence was not sufficient or of the proper type to be used in a proceeding for revocation of the gambling license of the California Club. [redacted] said information had been received from a source considered reliable, that the WORTMAN investment in the California Club had been withdrawn.

On March 28, 1958, [redacted] advised it is that informant's belief that WORTMAN and his associates still maintain an undisclosed interest in the California Club, Las Vegas. This belief by the informant is based primarily on the fact that THOMAS STERLING, Pit Boss at the California Club, originally came from East St. Louis, Illinois where he had worked most of his life in gambling clubs.

In about June 1958, ARQUILLA sold 60% of his interest in the California Club to one JAMES P. LONG, Pit Boss of the Tropicana Hotel, Las Vegas, Nevada. The price was reported to be \$435,000, however, ARQUILLA did not receive the total amount in cash, having accepted notes payable at a future date.

[redacted] Las Vegas advised on a confidential basis. [redacted]

[redacted] on September 9, 1958, ARQUILLA acquired approximately 58% of the Westerner Club, 23 Fremont Street, downtown Las Vegas. According to [redacted] Nevada State Tax Commission, ARQUILLA paid approximately \$138,000 for this share in the Westerner Club.

On March 18, 1959, informant [redacted] advised that informant received information that ARQUILLA was making efforts to dispose of his interest in the Westerner Club but no sale had yet been made. [redacted] Las Vegas Police Department, advised he had received the

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same information and that ARQUILLA had indicated he was interested in buying a part of the Monte Carlo Club at Lake Tahoe, Nevada.

C. Degree of Influence

Information with respect to ARQUILLA and the clubs he has associated with does not indicate any unusual type of influence. The alleged interest of the WORTMAN faction did not include any information indicating the interest by WORTMAN was anything more than an investment.

D. How Influence Is Exercised

No information was received concerning any pressure used by WORTMAN to acquire an interest in the California Club or any other establishment. It is possible, if WORTMAN did have an interest in the California Club, that such investment was actually needed by ARQUILLA to successfully operate the California Club.

E. Illegal Methods in Furthering Business Interests

No information was noted during this survey which appears pertinent to this caption.

F. Interlocking Influence in Other Areas of Other Industries

There appeared to be no mutual interests or relationships with respect to the WORTMAN faction and the California Club or other similar clubs other than the profit making motive, from an investment standpoint.

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IV. HORSESHOE CLUB, LAS VEGAS, NEVADA

A. Individuals Involved

1. LESTER BENJAMIN BINION, aka Benny L. Binion, FBI # 206206. Identification record for BINION shows his first arrest on July 1, 1924 by the Dallas, Texas, Police Department, on a charge of tire theft. He was released with no prosecution. The record shows arrest by the Las Vegas Police Department on January 13, 1950 as "Fugitive from Texas", and disposition as being released on the same date by orders of the Las Vegas Police Department Detective Bureau. BINION was next arrested by the U. S. Marshal, Reno, Nevada on May 5, 1952, on charge of income tax evasion; disposition shown as five years probation and \$15,000 fine imposed on September 3, 1952. On October 2, 1952, he was again arrested by the U. S. Marshal, Reno, Nevada, for Income Tax Evasion, and was ordered removed to the Northern District of Texas, Dallas, Texas on November 15, 1952. The record shows BINION was received at the U. S. Penitentiary, Leavenworth, Kansas, on December 19, 1952, to serve five years for false income statements under TRA. Information received by the Dallas Office from [redacted] Dallas, Texas, Police Department in 1952, shows BINION was active in the bootlegging racket from about 1931 to about 1934 in and around Dallas. From 1934 to 1947, he was active in illegal gambling, including "policy games, crap games" and other gambling. He was implicated in two murder charges in Dallas in 1931 and 1936. In the first murder, BINION received a two year suspended sentence and in the second instance, he was acquitted. BINION moved to Las Vegas in 1947, where he has maintained his residence continuously up to the present time. Upon arrival in Las Vegas, he first operated the Las Vegas Club. From the Las Vegas Club, BINION moved into the Westerner Club, Las Vegas, in a partnership with EMELIO GEORGETTI of San Francisco, California. After a short time at the Westerner Club, BINION bought a lease on the Eldorado Club, in the Apache Hotel, Las Vegas, remodeled it and changed the name to the Horseshoe Club, under which it still operates.

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B. How Influence or Control Acquired

BINION apparently accumulated a large amount of money from his gambling operations in Texas, and which he used in acquiring his business interests in Las Vegas. Records of the Clerk of U. S. District Court, in 1952, show BINION paid to the Internal Revenue an amount of \$14,819.14 plus interest and penalties, on account of unpaid taxes for the year 1949. The Las Vegas Review Journal, newspaper, reported on December 7, 1953 that BINION owed to the Internal Revenue Service a total of \$516,541.93 on account of unpaid taxes for the years 1945 to 1948. From this information, it appears that BINION personally had acquired a large fortune from his Texas gambling operations.

In May 1951, Las Vegas newspapers reported that BINION bought 87½% interest in the Eldorado Club, Las Vegas, and subsequently spent about \$350,000 to remodel and refurnish it as the Horseshoe Club. In December 1953, newspapers at Las Vegas reported that BINION sold his interest in the Horseshoe Club to JOE W. BROWN, New Orleans, Louisiana, oil operator and gambler, for approximately \$887,000. It is noted that sale of the Horseshoe Club occurred about the same time that BINION received a five year sentence in Federal custody for income tax evasion.

[redacted]
[redacted] advised SA [redacted] that he considered [redacted]
[redacted]

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[redacted] advised
SA [redacted] that JOE W. BROWN had disposed of his
interest in the Horseshoe Club to a group associated with
the Fremont Hotel, Las Vegas. [redacted]
[redacted]

[redacted] told SA [redacted] he expected
[redacted]

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[redacted]
[redacted] [redacted] advised SA [redacted]
in strict confidence [redacted]
[redacted]

C. Degree of Influence

[redacted]

On July 3, 1953, informant [redacted] advised that BINION [redacted] planned to support C. D. BAKER, Mayor of Las Vegas, as candidate for Governor of Nevada. BINION [redacted] would provide BAKER with unlimited financial support. Informant said BINION appeared to desire political influence. This informant also advised that BINION had a standing rule at the Horseshoe Club that police officers and their families could eat at the Horseshoe Club restaurant free of charge.

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On February 13, 1953, informant [redacted] advised that BINION owned an interest in the Las Vegas Morning Sun, Las Vegas newspaper operated by HERMAN "HANK" GREENSPUN, FBI # 29047A. Informant based this statement primarily upon the fact that BINION had demonstrated his influence in the policies of the newspaper.

D. How Influence Is Exercised

[redacted]
[redacted] ROBERT CAUDILL, has owned from 2½% to 25% of this club since its inception and at the present time is a 25% interest holder. At one time, JOE W. BROWN, also a close friend of BINION, was reported to own 97½% of the Horseshoe Club. CAUDILL and BROWN appeared to be

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the most logical persons [redacted]

[redacted] There is no indication that BINION or any of his associates are acting for any other person of a criminal background. The principal reason [redacted]

[redacted] the fact that the Nevada Tax Commission and Gaming Control Board might possibly revoke the gambling license of the Horseshoe Club.

BINION also owns a very large ranch at Jordan, Montana, which is apparently a personal venture of his own, devoted to raising cattle and horses as a business venture. Explorations for oil have been made on BINION's ranch in Montana but were reported to be unsuccessful.

E. Illegal Methods in Furthering Business Interests

No information has been received concerning possible illegal activities by BINION or his associates to stifle or eliminate competition.

F. Interlocking Influence in Other Areas of Other Industries

There are no interlocking interests known at this time with respect to BINION or the Horseshoe Club. BINION apparently kept some interest in his Dallas, Texas, gambling connections for a few years after he moved to Nevada, but no recent information has been received that he has any connections in Texas at this time.

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V. Villa Venice Restaurant, Las Vegas, Nevada, and
Savoy Club, Las Vegas, Nevada

A. Individuals involved

1. SALVATORE PANETERI, aka Sam Baker,
Sam Paneteri, etal, FBI No. 1642227.

PANETERI, who is known as SAM BAKER in Las Vegas, has a record under the above FBI Number showing he was arrested on March 5, 1936, by the Los Angeles, California, Police Department, under a technical arrest in connection with routine checks of persons entering California. He was released without any prosecutive action. The record shows he was arrested by the Shreveport, Louisiana, Police Department, on November 18, 1938, on suspicion of operating a lottery and was discharged. This record shows BAKER has not been convicted of any crime.

On December 13, 1951, Informant [] furnished information that SAM BAKER handled the payoffs between hotels and casinos in Clark County and [] of Clark County [] This Informant also advised that BAKER delivered a \$500.00 per month payoff from []

[] owner of a Las Vegas house of prostitution, to [] This Informant advised in January, 1954, that SAM BAKER is the "front man" for the Mafia in Las Vegas. This Informant said CHARLIE FISCHETTI, prominent racketeer in Chicago, had furnished a "bank roll" to take over 75 per cent of the Savoy Club from BAKER and one JOHN MARCHIONDO. The Informant said one JOHNNY DREW was sent by FISCHETTI to Las Vegas to handle FISCHETTI's interest. The Informant also said FISCHETTI would send JOE O'BRIEN from Cicero, Illinois, to Las Vegas about once a month to check on his interest. This Informant said CHARLES FISCHETTI and his brother "ROCKY" FISCHETTI are reported to be important figures in the Mafia in the United States. This Informant said []

[] FISCHETTI commented that SAM BAKER was "their man" in Las Vegas.

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The Chicago Office advised on April 30, 1958, there was no known connection between BAKER and criminals in Chicago, including ROCCO FISCHETTI, JOHNNY DREW and JOE O'BRIEN.

Informant [] also advised in January, 1954, he had observed that most Italian racketeers would contact SAM BAKER if they visited in Las Vegas. The Informant said SAM BAKER was known to have made contacts with [] to assist Italian hoodlums in avoiding trouble with the law in Las Vegas.

B. How influence or control acquired

[] advised, on a confidential basis, in January, 1958, that BAKER has resided in Las Vegas since about 1945. BAKER was friendly with [] from 1943 to 1955. [] said it had been determined that SAM BAKER originally came from Chicago and had spent some time prior to coming to Las Vegas in minor gambling activities at Albuquerque, New Mexico, and Shreveport, Louisiana. BAKER originally operated a restaurant and casino known as the Big Hat Club, Las Vegas. His license was revoked in 1948 following a gun battle in which BAKER killed one ARTHUR T. MORGAN in the Big Hat. BAKER was acquitted in connection with this shooting on the basis of a finding by a coroner's jury that BAKER had killed MORGAN in self defense. Thereafter, BAKER operated his business under the name of Villa Venice, as a restaurant with no gambling casino. Beginning in about 1951, BAKER withdrew from active operation of the Villa Venice and leased the property to various other individuals who operated it as a restaurant and gambling casino.

According to [] Las Vegas [] has known BAKER on a fairly close basis since [] advised, on a confidential basis, that BAKER is a close associate of the following individuals:

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[REDACTED]

This Informant advised BAKER s association with the above individuals is believed to be purely social and there is no known financial or business arrangements with any of them.

Informant [REDACTED] advised on December 14, 1951, that SAM BAKER has been seen in company with JACK DRAGNA, described by the Informant as a prominent racketeer and underworld figure from Los Angeles, California. The Informant said DRAGNA had visited in Las Vegas during the previous six months and on each occasion had been seen with BAKER.

Records of the Clark County Recorder show that BAKER owns the premises on which the Villa Venice Restaurant and Casino is located.

Information was also developed that BAKER owns an island of about 19 acres located at Clear Lake, California. However, he has tried to sell this property in recent years.

BAKER maintains bank accounts in Las Vegas with balances usually in five figures and no information was developed that he was handling any funds other than his own.

Available information indicates BAKER has successfully invested his money in the Villa Venice and its operations and his source of income is only from that business venture and other real estate purchases and sales.

C. Degree of influence

The only information concerning possible influence by BAKER is that set forth above, received from Informants.

SU 62-2189

D. How influence is exercised

No information has been received other than that set forth above indicating that BAKER's activities are used as a front or cover for other individuals or for any illegal activities.

E AND F.

No specific information is known at this time that appears to be pertinent to these two subheadings.

SU 62-2189

VI. Nevada Club, Inc., and Nevada Club Enterprises, Inc.,
Reno, Nevada.

A. Individuals involved

1. LINCOLN FITZGERALD, FBI No.
1834961.

The Identification Record under the above FBI Number shows FITZGERALD was arrested by the U.S. Marshal, Detroit, Michigan, on March 21, 1936, for income tax evasion and the case was dismissed on November 27, 1936. He was fingerprinted by the Reno Police Department on February 7, 1946, as an applicant. He was arrested by the Sheriff's Office, Reno, on January 26, 1948, on a "hold for Michigan authorities" and was released on \$5,000 bail. He was fingerprinted on August 9, 1948, by the Sheriff's Office, Mt. Clemens, Michigan, on a charge of bribery and conspiracy with disposition shown as \$19,000 fine and court costs.

The Detroit Office furnished information that in 1938 and 1939, a prominent gambling syndicate known as the "Chesterfield Syndicate" was operating in East Detroit, Michigan. Principal figures in that syndicate included MERT WERTHEIMER, RUBY MATHIS, DANNIE SULLIVAN and LINCOLN FITZGERALD. This group was said to also operate the gambling casino at the Royal Palm Club, Miami, Florida, during the winter of 1938 and 1939.

Records of the Reno Police Department show that LINCOLN FITZGERALD was shot in the back on November 18, 1949, by an unknown person. He was shot with a shotgun and spent a considerable amount of time in the hospital before he recovered. It was believed FITZGERALD knew the identity of the person who shot him but he refused to furnish such information. Since that time, FITZGERALD has taken many precautions against similar attacks including special protective devices in his apartment.

B. How influence or control acquired

SU 88-1893

The Nevada Club, Inc., was formed on January 18, 1950, as a Nevada corporation, with LINCOLN FITZGERALD as president, DANIEL SULLIVAN, vice president, FITZGERALD's wife META as secretary. DANIEL SULLIVAN died in 1956 and one CARLTON KONARSKE became an officer. This company operates a sizeable gambling casino under the name Nevada Club.

Nevada Club Enterprises, Inc., was organized February 25, 1952, with officers the same as the above described company. This company was apparently formed to acquire an interest in hotel or casino properties at Lake Tahoe, Nevada. This company eventually acquired the Tahoe-Biltmore Hotel, Crystal Bay, Nevada.

On February 5, 1952

[redacted] Reno, Nevada,

[redacted] advised that FITZGERALD originally made his money through illegal gambling in Michigan. [redacted] said FITZGERALD has apparently severed all his old contacts in Michigan since moving to Nevada and concentrates all his efforts and attention on his interests in and around Reno.

b7D

Other business interests of FITZGERALD are the Washoe Development Corporation and Lloyd Properties Corporation, both Reno, which apparently are concerns to acquire and deal in real estate in which FITZGERALD and his family and associates are interested.

Available information indicates that FITZGERALD has invested money made through illegal gambling in Michigan and there is no indication that he represents any other person or group in connection with his business ventures.

C. Degree of Influence

Information developed with respect to FITZGERALD shows he is the predominate figure in the businesses with which he is connected. Since gambling is legal in Nevada, he operates his companies in about the same manner as any other business would be handled.

SU 62-2189

D. How influence is exercised

There is no indication that FITZGERALD or his business associates are acting as a front for anyone else or that they have any persons maintaining an undisclosed interest for them in any business enterprise. The companies organized by FITZGERALD and his associates are not known to engage in any activities which are illegal from the standpoint of federal law or Nevada law.

E and F.

No information has been received which appears to be pertinent to these two subheadings. Available information shows that FITZGERALD no longer maintains any close connections or business relations with former contacts in Michigan.

SU 62-2189

VII. The Bal Tabarin Casino, Lake Tahoe, Nevada.

A. Individuals involved

1. ~~BERNARD (NMN) EINSTOSS~~, aka
Bernard Einstos, FBI No. 2144351.

Identification record under the above FBI number shows EINSTOSS was arrested on October 2, 1938, by the San Francisco, California, Police Department, for vagrancy and suspicion of bunco. He was dismissed on October 3, 1938. He was arrested on November 2, 1940, by the Los Angeles, California, Sheriff's Office, for conspiracy and contributing and disposition is not shown. He was fingerprinted by the Police Department, Reno, and the Nevada Tax Commission, Carson City, Nevada, on July 30, 1947, and January 27, 1948, respectively, in connection with application for a gambling license. The above record does not show that EINSTOSS has ever been convicted of any crime.

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b7D
In October, 1945, Informant [] advised that EINSTOSS was a very wealthy and a close associate of MICKEY COHEN, described as a well known racketeer and underworld figure from Los Angeles, California. Informant [] advised in 1950 that EINSTOSS had been an associate of a well known gambler in Los Angeles named IRVING SCHWARTZ.

Informant [] advised in 1946 that EINSTOSS was a former partner of BENNY CHAPMAN and was a close associate of underworld figures including the following:

BENJAMIN "BUGSY" SEIGEL (deceased)

ALLEN SMILEY

GEORGE RAFT (movie actor)

MICKEY COHEN

B. How influence or control acquired

SU 62-2189

G. BENTLEY RYAN

Available information indicates that EINSTOSS was formerly the operator of illegal gambling at the Clover Club, Los Angeles, California, in partnership with one NOLA HAHN. EINSTOSS and a gambler named BENTLY RYAN defrauded HAHN of about \$140,000 in a crooked card game. This money was said to be the funds used by EINSTOSS to purchase an interest in the Mapes Hotel Casino at Reno, Nevada.

EINSTOSS and FRANK DAMSTER GRANNIS, FBI No. 409405, became the lease holders on the Mapes Hotel Casino at Reno. This lease was purchased from them in 1954 by CHARLES L. MAPES, JR. for \$145,000. EINSTOSS and GRANNIS then purchased the Bal Tabarin at Lake Tahoe, Nevada.

In March, 1956, EINSTOSS and two local Reno individuals named ELMER WEST and BRADFORD HEWINS purchased property at 229 North Virginia Street, Reno, where they built and operated a gambling casino under the name Horseshoe Club. This casino has no known connection with a club by the same name at Las Vegas, Nevada.

No information has been received that EINSTOSS acts as a front or representative for any other individual. He apparently accumulated money through his illegal gambling activities in and around Los Angeles, California, and apparently used that money to purchase his interests in Nevada.

C. Degree of influence

There is no indication, from available information, that EINSTOSS exercised any unusual influence in the gambling or hotel industry in and around Reno, Nevada.

D. How influence is exercised

Information from Informants shows EINSTOSS may be friendly with Los Angeles racketeer MICKEY COHEN; however, no information has been received that COHEN has any interest in or influence with the business with which EINSTOSS is associated. No information is available that EINSTOSS is acting as a front or has anyone acting for him as a front in business ventures in Nevada.

SU 62-2189

E and F.

Other than set forth above, there is no information available believed pertinent under these two sub-headings

SU 62-2189

VIII. Miscellaneous; Tropicana Hotel and Riviera Hotel,
Las Vegas, Nevada

A. The Phoenix Office furnished information that GUS GREENBAUM and wife, BESS, were murdered on the night of December 2, 1958, at their residence at Pheonix, Arizona. GREENBAUM was president of the Riviera Hotel, Las Vegas, one of the larger hotels and gambling casinos on the "Strip" just outside Las Vegas. GREENBAUM was at one time a part owner of the Flamingo Hotel, another larger hotel and casino at Las Vegas. These murders remain unsolved and no information has been received that GREENBAUM's murder was connected with an attempt by person or group to gain influence or ownership in Nevada business or gambling concerns.

b7D
B. [redacted] Las Vegas County Sheriff's Office, NA, advised that in May, 1957, FRANK COSTELLO, New York, described as one of the leading underworld figures in the United States, was shot and wounded by an assailant at New York City. New York City Police at that time found a slip of paper bearing figures in COSTELLO's pocket which was later determined to be an exact record of the gross winnings of the slot machines and casino of the Tropicana Hotel from April 3, 1957, to May 1, 1957. Handwriting examinations established that the paper had been written by MIKE TANICO, former casino cashier of the Tropicana, and LOU LEDERER, formerly a part owner of the Tropicana. [redacted] advised that information was developed that TANICO is a close acquaintance of COSTELLO, and of PHIL KASTEL, New Orleans, Louisiana, gambler. KASTEL was one of the original group of promoters who built the Tropicana Hotel. KASTEL was unable to obtain a gambling license in Nevada because of his background, and alleged connections with COSTELLO, and he sold his interest to the present owners of the Tropicana and is still being paid in semiannual installments. The question of possible ownership or influence by COSTELLO in the Tropicana has not been resolved, according to [redacted] however, he said it is suspected that the slip of paper referred to above may have been delivered to COSTELLO by JOHN ROSELLI, FBI No. 3339986, an ex-convict, who is suspected of having a "silent interest" in the cigar and gift shop concession at the Tropicana. [redacted] said he has not been able to develop any proof concerning any of the above information.